

# IRS News Release

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## **IRS Issues Guidelines for Tax-Exempt Groups Engaged in Public Advocacy**

IR-2003-146, Dec. 23, 2003

WASHINGTON — The Internal Revenue Service today reminded tax-exempt organizations that their public advocacy activity must adhere to tax rules as well as campaign-finance laws.

On the eve of an election year, the IRS has issued Revenue Ruling 2004-6 concerning certain public advocacy activities conducted by social welfare organizations, unions and trade associations.

Under the Internal Revenue Code, social welfare organizations, unions and trade associations generally are permitted to engage in advocacy or lobbying related to their exempt purposes. However, they may engage in only limited political campaign activity. The guidance clarifies the tax implications of advocacy that meets the definition of political campaign activity.

The guidance provides examples and sets forth factors to be taken into account in determining whether expenditures for issue advertising are taxable. The situations and factors contained in the ruling are not exhaustive.

The guidance also serves as a reminder that the Bipartisan Reform Act of 2002 (McCain-Feingold) does not replace the tax rules on public advocacy by tax-exempt organizations. Tax exempt organizations, such as those described in sections 501(c)(4), (c)(5), and (c)(6) of the Internal Revenue Code, must adhere to both McCain-Feingold and the Internal Revenue Code.

The IRS remains committed to ensuring that assets of tax-exempt organizations are used for exempt purposes and requests comments on situations or factors that the public believes should be covered in future guidance.

Revenue Ruling 2004-6 will be published in Internal Revenue Bulletin 2004-4, Jan. 26, 2004. Comments may be sent to: Judy Kindell, T:EO:RA:G, 1111 Constitution Ave., NW, Washington, DC 20224.